DARLINGTON SCHOOLS FORUM

18th May 2021

ITEM NO 4

BUDGET UPDATE 2020/21

Purpose of Report

1. To update Forum regarding the final 2020/21 budget position.

Background

- 2. School Forum was notified at their March 2021 meeting of a Dedicated School Grant (DSG) budget of £19,412,641. This budget has not changed, except for a rounding of £1 for actual grant received.
- 3. School Forum was notified at their March 2021 meeting that the budget was forecast to be overspent by £600,855 in year, the overspend all arising from high needs pressures.
- 4. School Forum was notified at their March 2021 meeting that after the brought forward overspend from 2019/20 was included, the overall DSG was projected to be in deficit of £5,395,263.

Budget Position

- 5. Appendix 1 shows the final spend against the budget for 2020/21. The key changes in budget variances from those highlighted at the March meeting are detailed within the following paragraphs.
 - a. The schools block, final expenditure was approximately £16,000 more underspent that projected. This increased resulted from lower growth payments in the spring term.
 - b. The central schools block final expenditure was approximately £10,000 more underspent than projected. This resulted from small changes in the union facilities, PFI and admissions budgets.
 - c. The high needs block final expenditure was approximately £11,000 less overspent that projected. This small decreased mainly resulted from,
 - i. Independent/Out of Area budgets approximately £91,000 less overspent, as pupils were transferred to the post 16 budget, offset by changes to existing placements.
 - ii. Post 16 budget approximately £151,000 more overspent than projected due to moves from the independent/out of area budget and pupils remaining in placements longer than originally estimated.
 - iii. Other SEN/Alternative provision, approximately £38,000 less overspent due to changes to placements and placements ending

- iv. PFI budget, approximately £41,000 more underspent due to savings within the PFI contract.
- d. The early years block approximately £124,000 more underspent due to less take up of places during the spring term.
- 6. Overall, the final in year overspend for the DSG budget in 2020/21 was £438,863 which when combined with the brought forward deficit produces an overall DSG deficit of £5,233,271.
- 7. As in previous years the balances on the DSG are proposed to be rolled forward in the individual DSG blocks as follows.

Early Years

- 8. The overall early years budget position for 2020/21 was an underspend of £225,089. This figure was made up from underspends across the various early years budgets. As in previous years this underspend is proposed to be rolled forward and added to the early years reserve for use in future years.
- 9. As highlighted to Forum in previous meetings, the early years position is in comparison to the early years block that is notified for 2020/21 before the adjustment for the January census, as this adjustment is unknown until July 2021. Therefore the underspend to be carried forward is before adjustment for the final 2020/21 early years block. Due to lower numbers in placements (as seen in the expenditure) it is expected that the final early years allocation will be significantly lower than the budget notified and that the DfE will clawback funding in 2021/22 for the 2020/21 financial year. Therefore, the final saving for 2020/21 will be much reduced once this clawback is taken into account. (see agenda item 3).
- 10. Due to timing of the final 2020/21 allocations now being delayed until November 2021, the final position will not be reported to Forum until January 2022. However, the final position will be known before budget setting for 2022/23 so this will be considered in setting the funding rates for 2022/23.
- 11. It is proposed that the current underspend be rolled forward and ring fenced to early years, with the balance used to offset any clawback in funding by the DfE in the first instance.

Schools Block

- 12. The overall schools block position for 2020/21 was an underspend of £98,042. It is proposed that this funding be rolled forward and added to the schools block reserve for future years.
- 13. As Forum will recall from their January meeting, £81,372 of the expected underspend from 2020/21 growth (along with previous years underspend) was agreed to be used to assist in the transfer of funding to the high needs block for 2021/22, therefore the majority of the 2020/21 underspend is already committed. The balance on the schools block is therefore £16,670.

Central Schools Block

- 14. The central schools block position for 2020/21 was an underspend of £50,131, of which £40,293 was from the PFI budget. It is proposed that this funding be rolled forward and added to the central schools block reserve for future years. The overall central schools block reserve therefore sits at £115,286, once the PFI brought forward figure is added.
- 15. This funding is to be used to smooth the reduction in the historic central schools block over future years.

High Needs

- 16. The high needs budget overspent by $\pounds 812,125$ in 2020/21, which when added to the brought forward deficit from 2019/20 provides an overall high needs deficit of $\pounds 5,997,888$.
- 17. This overspend is required by the DfE to be recovered through future years DSG in line with the high needs recovery plan.
- 18. The high needs recovery plan has been updated for the final 2020/21 outturn figure (agenda item 5), which is £11,068 less than projected. This change, therefore makes limited impact upon the recovery plan.
- 19. Forum are provided with updates to the high needs recovery plan at all future meetings.

Recommendations

- 20. That Forum notes the year end budget position.
- 21. That Forum approves the carry forward budgets from 2020/21 to 2021/22 as detailed in paragraphs 8 to 19.

Brett Nielsen Finance Manager, Resources Department